

CITY OF LACROSSE, KANSAS
LaCrosse, Kansas

Financial Statements with Independent Auditors' Report

For the Year Ended December 31, 2007

CITY OF LACROSSE, KANSAS
Financial Statements with Independent Auditors' Report
For the Year Ended December 31, 2007

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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

The Mayor and City Commissioners
City of LaCrosse
LaCrosse, Kansas 67548

We have audited the accompanying financial statements of the **City of LaCrosse, Kansas**, as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the **City of LaCrosse, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 1, the **City of LaCrosse, Kansas** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinions, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the **City of LaCrosse, Kansas**, as of December 31, 2007, or changes in financial position for the year then ended.

In our opinions, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of the **City of LaCrosse, Kansas**, as of December 31, 2007 their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note 1.

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

June 25, 2007

CITY OF LACROSSE, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended December 31, 2007

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Government Type Funds							
General Fund	\$ 96,541	-	803,099	699,066	200,574	28,256	228,833
Special Revenue Funds							
Trafficways	41,056	-	37,953	35,449	43,560	-	43,560
Equipment Reserve	88,551	-	-	43,860	44,691	4,699	49,390
Capital Improvement Reserve	109,199	-	-	5,366	103,833	-	103,833
Capital Improvement Res.-Streets	403,490	-	151,345	345,388	209,447	-	209,447
Special Parks	591	-	843	317	1,117	-	1,117
Total Special Revenue Funds	642,887	-	190,141	430,380	402,648	4,699	407,347
Debt Service Fund							
Bond and Interest	9,245	-	60,571	69,816	-	-	-
Fiduciary Funds							
Cemetery Trusts	37,296	-	497	185	37,608	50	37,658
Customer Deposits	-	-	14,225	14,225	-	26,130	26,130
Total Fiduciary Funds	37,296	-	14,722	14,410	37,608	26,180	63,788
Enterprise Funds							
Sanitation Utility	92,675	-	280,113	270,565	102,223	16,807	119,030
Sewer Utility Reserve	82,200	-	20,000	-	102,200	-	102,200
Revenue Water Utility	27,884	-	259,364	272,261	14,987	17,597	32,584
Water Depreciation Reserve	229,985	-	20,000	21,000	228,985	-	228,985
Revenue Electric Utility	138,340	-	1,216,110	1,183,951	170,499	70,798	241,297
Electric Depreciation Reserve	654,992	-	-	10,917	644,075	-	644,075
Total Enterprise Funds	1,226,076	-	1,795,587	1,758,694	1,262,969	105,202	1,368,171
Totals	\$ 2,012,045	-	2,864,120	2,972,366	1,903,799	164,337	2,068,139
Composition of Cash							
						Certificates of Deposits	1,807,000
						Savings Accounts	10,508
						Checking Accounts	250,631
						Total Composition of Cash	\$ 2,068,139

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS
 Summary of Expenditures - Actual and Budget
 For the Year Ended December 31, 2007

Fund	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year Budget	Variance- Favorable (Unfavorable)
Governmental Type Funds					
General Fund	\$ 801,160	-	801,160	699,066	102,094
Special Revenue Funds					
Trafficways	82,594	-	82,594	35,449	47,145
Special Parks	359	-	359	317	42
Debt Service Fund					
Bond and Interest	64,490	-	64,490	69,816	(5,326)
Proprietary Type Funds					
Enterprise Funds					
Sanitation Utility	275,768	-	275,768	270,565	5,203
Revenue Water Utility	309,866	-	309,866	272,261	37,605
Revenue Electric Utility	1,451,886	-	1,451,886	1,183,951	267,935

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS

General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes				
Ad Valorem Tax	\$ 240,260	277,773	280,566	(2,793)
Intangible Tax	16,003	19,943	18,649	1,294
Vehicle Tax	45,886	51,176	49,500	1,676
Local Sales Tax	114,588	119,151	130,000	(10,849)
Total Taxes	<u>416,737</u>	<u>468,043</u>	<u>478,715</u>	<u>(10,672)</u>
Intergovernmental				
Alcohol-Liquor Distribution	292	844	434	410
Federal Aid	-	4,723	-	4,723
State Aid	-	605	-	605
Total Intergovernmental	<u>292</u>	<u>6,172</u>	<u>434</u>	<u>5,738</u>
Licenses and Permits				
Franchise Fees	45,811	46,518	27,000	19,518
Liquor and Beer Licenses	775	775	450	325
Permits and Inspections	1,100	1,250	1,000	250
Dog Tags and Fees	207	271	250	21
Total Licenses and Permits	<u>47,893</u>	<u>48,814</u>	<u>28,700</u>	<u>20,114</u>
Charges for Services				
Sale of Cemetery Lots	8,465	9,445	7,000	2,445
Total Charges for Services	<u>8,465</u>	<u>9,445</u>	<u>7,000</u>	<u>2,445</u>
Fines and Forfeitures				
Fines and Fees	9,943	5,001	6,000	(999)
Total Fines and Forfeitures	<u>9,943</u>	<u>5,001</u>	<u>6,000</u>	<u>(999)</u>
Use of Money and Property				
Swimming Pool	6,144	5,881	5,000	881
Community Building	4,291	4,804	3,500	1,304
Interest on Idle Funds	87,601	118,070	25,000	93,070
Miscellaneous	19,347	25,112	7,000	18,112
Rural Fire Protection	4,084	5,424	4,000	1,424
Transfers In	100,000	106,333	200,000	(93,667)
Total Use of Money and Property	<u>221,467</u>	<u>265,624</u>	<u>244,500</u>	<u>21,124</u>
Total Cash Receipts	\$ <u>704,797</u>	<u>803,099</u>	<u>765,349</u>	<u>37,750</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS

General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures				
General Government				
Salaries	\$ 95,508	94,209	99,000	4,791
Office Supplies	865	1,741	2,000	259
Telephone	2,433	3,680	2,500	(1,180)
Insurance	16,416	15,128	16,000	872
Bonds	100	200	300	100
Legal Publication	518	636	800	164
Dogs	568	179	900	721
Auto	1,404	1,258	2,000	742
Repairs	2,158	580	2,000	1,420
Miscellaneous	16,403	10,164	7,700	(2,464)
Accounting and Legal	11,802	16,471	13,500	(2,971)
Risk Management	1,429	6,382	-	(6,382)
Industrial Development	1,000	-	-	-
Demolition	19,707	4,165	10,000	5,835
Total General Government	170,311	154,793	156,700	1,907
Police Department				
Salaries	114,572	108,343	116,000	7,657
Telephone	3,045	5,055	4,500	(555)
Insurance	2,279	2,956	3,500	544
Jail Keep	-	35	2,000	1,965
Gas and Oil	7,439	6,073	7,000	927
Auto Expense	3,035	4,121	6,000	1,879
Dispatcher	20,890	19,364	25,000	5,636
Miscellaneous	7,859	9,087	7,000	(2,087)
Total Police Department	159,119	155,034	171,000	15,966
Fire Department				
Salaries	3,592	3,523	3,915	392
Insurance	2,323	3,817	3,600	(217)
Gas and Oil	837	31	700	669
Runs & Drills	-	1,483	-	(1,483)
Telephone and Utilities	1,680	5,601	4,500	(1,101)
Miscellaneous	4,902	3,761	7,000	3,239
Capital Outlay	-	-	9,838	9,838
Total Fire Department	\$ 13,334	18,216	29,553	11,337

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS

General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Street Department				
Salaries	\$ 33,532	34,488	40,000	5,512
Insurance	2,252	2,615	2,500	(115)
Gas and Oil	5,077	6,192	6,000	(192)
Truck and Car Maintenance	874	3,391	4,000	609
Tractor Maintenance	1,410	2,409	2,500	91
Sweeper Maintenance	1,363	417	2,000	1,583
Shop Expense	1,321	1,454	2,500	1,046
Supplies	2,910	2,306	4,000	1,694
Miscellaneous	468	741	1,000	259
Total Street Department	<u>49,207</u>	<u>54,013</u>	<u>64,500</u>	<u>10,487</u>
Community Building				
Insurance	4,000	4,413	2,000	(2,413)
Supplies	1,121	1,466	3,500	2,034
Telephone and Utilities	8,777	7,442	8,000	558
Total Community Building	<u>13,898</u>	<u>13,321</u>	<u>13,500</u>	<u>179</u>
Park Department				
Salaries	516	3,356	4,120	764
Gas and Oil	569	678	1,000	322
Supplies	1,519	1,673	1,900	227
Mower Maintenance	1,793	1,780	1,850	70
Miscellaneous	383	332	750	418
Total Park Department	<u>4,780</u>	<u>7,819</u>	<u>9,620</u>	<u>1,801</u>
Cemetery Department				
Salaries	2,649	2,665	4,120	1,455
Gas and Oil	2,091	2,287	2,500	213
Supplies	1,414	1,835	2,000	165
Total Cemetery Department	<u>6,154</u>	<u>6,787</u>	<u>8,620</u>	<u>1,833</u>
Swimming Pool				
Salaries	15,142	16,810	17,000	190
Insurance	2,218	2,349	2,000	(349)
Repairs	642	954	2,000	1,046
Supplies	3,814	3,055	4,500	1,445
Telephone and Utilities	302	-	500	500
Total Swimming Pool	<u>\$ 22,118</u>	<u>23,168</u>	<u>26,000</u>	<u>2,832</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS

General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Employees Benefits				
Health Insurance	\$ 37,325	37,300	60,000	22,700
Social Security	43,300	44,118	50,000	5,882
KPERS	24,580	27,300	25,000	(2,300)
Unemployment Insurance	567	573	1,000	427
Workmen's Compensation	16,288	15,218	18,000	2,782
Total Employees Benefits	<u>122,060</u>	<u>124,509</u>	<u>154,000</u>	<u>29,491</u>
Risk Management	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Industrial Development	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Transfers Out				
Equipment Reserve	25,000	-	-	-
Cap Imp Res/ST	115,326	141,406	157,667	16,261
Total Transfers Out	<u>140,326</u>	<u>141,406</u>	<u>157,667</u>	<u>16,261</u>
Total Expenditures	<u>\$ 701,307</u>	<u>699,066</u>	<u>801,160</u>	<u>103,577</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS

Trafficways

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Intergovernmental				
State Aid	\$ 37,981	37,953	39,600	(1,647)
Expenditures				
Supplies	2,129	6,970	12,000	5,030
Road Oil, Sand and Asphalt	33,430	28,479	70,594	42,115
Total Expenditures	35,559	35,449	82,594	47,145
Receipts Over (Under) Expenditures	2,422	2,504		
Unencumbered Cash, January 1	38,634	41,056		
Unencumbered Cash, December 31	\$ 41,056	43,560		

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS

Equipment Reserve

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	<u>2006</u>	<u>2007</u>
Cash Receipts		
Transfers In	\$ 25,000	-
Expenditures		
Capital Outlay	<u>16,300</u>	<u>43,860</u>
Receipts Over (Under) Expenditures	8,700	(43,860)
Unencumbered Cash, January 1	<u>79,851</u>	<u>88,551</u>
Unencumbered Cash, December 31	<u>\$ 88,551</u>	<u>44,691</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS
Capital Improvement Reserve
 Statement of Cash Receipts and Expenditures - Actual
 For the Year Ended December 31, 2007
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	<u>2006</u>	<u>2007</u>
Cash Receipts		
Transfers In	\$ -	-
Expenditures		
Capital Outlay	<u>56,025</u>	<u>5,366</u>
Receipts Over (Under) Expenditures	(56,025)	(5,366)
Unencumbered Cash, January 1	<u>165,224</u>	<u>109,199</u>
Unencumbered Cash, December 31	<u>\$ 109,199</u>	<u>103,833</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS
Capital Improvement Reserve - Streets
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2007
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	<u>2006</u>	<u>2007</u>
Cash Receipts		
Transfers In	\$ 115,326	141,406
Miscellaneous	-	9,939
Total Cash Receipts	<u>115,326</u>	<u>151,345</u>
Expenditures		
Transfers Out	<u>21,216</u>	<u>345,388</u>
Receipts Over (Under) Expenditures	94,110	(194,043)
Unencumbered Cash, January 1	<u>309,380</u>	<u>403,490</u>
Unencumbered Cash, December 31	\$ <u><u>403,490</u></u>	<u><u>209,447</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS

Special Parks

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Local Alcoholic Liquor Tax	\$ 292	843	30	813
Expenditures				
Commodities	-	317	359	42
Receipts Over (Under) Expenditures	292	526		
Unencumbered Cash, January 1	299	591		
Unencumbered Cash, December 31	\$ 591	1,117		

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS

Bond and Interest

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes				
Ad Valorem Tax	\$ 73,702	45,084	42,792	2,292
Vehicle Tax	18,038	15,487	14,919	568
Total Cash Receipts	91,740	60,571	57,711	2,860
Expenditures				
Principal	95,000	60,000	60,000	-
Interest	8,942	3,480	3,480	-
Commission & Fees	8	3	10	7
Transfer to General Fund	-	6,333	-	(6,333)
Cash Basis Reserve	-	-	1,000	1,000
Total Expenditures	103,950	69,816	64,490	(5,326)
Receipts Over (Under) Expenditures	(12,210)	(9,245)		
Unencumbered Cash, January 1	21,455	9,245		
Unencumbered Cash, December 31	\$ 9,245	-		

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS

Cemetery Trusts

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	<u>2006</u>	<u>2007</u>
Cash Receipts		
Interest from Trust Funds	\$ 453	497
Expenditures		
Miscellaneous	<u>185</u>	<u>185</u>
Receipts Over (Under) Expenditures	268	312
Unencumbered Cash, January 1	<u>37,028</u>	<u>37,296</u>
Unencumbered Cash, December 31	<u>\$ 37,296</u>	<u>37,608</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS

Customer Deposits

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	<u>2006</u>	<u>2007</u>
Cash Receipts		
Utility Deposits	\$ 9,150	14,225
Expenditures		
Utility Deposit Refunds	<u>9,150</u>	<u>14,225</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, January 1	<u>-</u>	<u>-</u>
Unencumbered Cash, December 31	<u>\$ -</u>	<u>-</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS

Sanitation Utility

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Charges for Services				
Sewer Service	\$ 105,828	129,168	105,000	24,168
Trash Service	144,963	149,411	135,000	14,411
Landfill	538	656	700	(44)
Miscellaneous	955	878	-	878
Total Cash Receipts	<u>252,284</u>	<u>280,113</u>	<u>240,700</u>	<u>39,413</u>
Expenditures				
Salaries	66,492	74,201	68,000	(6,201)
Medical Insurance	6,655	7,351	12,000	4,649
Disposal Plant Expense	5,030	4,223	3,500	(723)
Insurance	624	641	700	59
Gas and Oil	208	-	318	318
Office Expense	143	344	750	406
Sewer Repairs and Supplies	724	5,347	6,000	653
Trash Service	1,996	1,995	2,500	505
Contracted Service	141,607	145,128	140,000	(5,128)
Miscellaneous	1,714	2,880	2,000	(880)
Capital Improvements	-	8,455	20,000	11,545
Transfer to Sewer Utility Reserve	20,000	20,000	20,000	-
Total Expenditures	<u>245,193</u>	<u>270,565</u>	<u>275,768</u>	<u>5,203</u>
Receipts Over (Under) Expenditures	7,091	9,548		
Unencumbered Cash, January 1	<u>85,584</u>	<u>92,675</u>		
Unencumbered Cash, December 31	\$ <u>92,675</u>	<u>102,223</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS

Sewer Utility Reserve

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	<u>2006</u>	<u>2007</u>
Cash Receipts		
Transfers In	\$ 20,000	20,000
Expenditures		
Capital Outlay	-	-
Receipts Over (Under) Expenditures	20,000	20,000
Unencumbered Cash, January 1	62,200	82,200
Unencumbered Cash, December 31	<u>\$ 82,200</u>	<u>102,200</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS

Revenue Water Utility

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Charges for Services				
Sales to Consumers	\$ 252,903	255,150	295,000	(39,850)
Water Fee for State Water Project	1,767	1,587	3,000	(1,413)
Tap Fees	900	1,100	2,000	(900)
Service Charges	1,142	1,258	1,115	143
Bulk Sales	-	10	300	(290)
Miscellaneous	906	259	-	259
Total Cash Receipts	<u>257,618</u>	<u>259,364</u>	<u>301,415</u>	<u>(42,051)</u>
Expenditures				
Administration				
Salaries	-	-	1,000	1,000
Medical Insurance	33	-	500	500
Office Supplies	1,270	1,659	1,500	(159)
Water Fee for State Water Project	3,485	3,856	4,500	644
Miscellaneous	174	341	750	409
Total Administration	<u>4,962</u>	<u>5,856</u>	<u>8,250</u>	<u>2,394</u>
Production Department				
Salaries	64,595	67,196	65,000	(2,196)
Medical Insurance	7,517	13,766	11,000	(2,766)
Insurance	2,103	2,817	3,000	183
Gas and oil	1,333	1,613	3,000	1,387
Repairs	5,038	9,352	7,500	(1,852)
Supplies	2,741	2,753	2,000	(753)
Chemicals	56,153	55,223	75,000	19,777
Walnut Wells Utilities	7,935	8,288	9,000	712
Miscellaneous	1,671	2,064	2,000	(64)
Total Production Department	<u>149,086</u>	<u>163,072</u>	<u>177,500</u>	<u>14,428</u>
Distribution Department				
Salaries	42,919	41,592	50,000	8,408
Medical Insurance	21,471	23,718	25,000	1,282
Insurance	2,103	3,316	3,000	(316)
Gas and Oil	2,786	2,566	4,725	2,159
Truck and Car Maintenance	522	463	1,000	537
Shop Expense	916	890	1,000	110
Supplies	368	1,952	3,891	1,939
Meters and Supplies	17,126	8,110	13,000	4,890
Water Tower	-	-	1,000	1,000
Miscellaneous	710	726	1,500	774
Total Distribution Department	<u>\$ 88,921</u>	<u>83,333</u>	<u>104,116</u>	<u>20,783</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS

Revenue Water Utility

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures				
Transfers Out				
Transfer to Depreciation Reserve	\$ 16,049	20,000	20,000	-
Total Expenditures	259,018	272,261	309,866	37,605
Receipts Over (Under) Expenditures	(1,400)	(12,897)		
Unencumbered Cash, January 1	29,284	27,884		
Unencumbered Cash, December 31	\$ 27,884	14,987		

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS

Water Depreciation Reserve

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	<u>2006</u>	<u>2007</u>
Cash Receipts		
Transfers In	\$ 16,049	20,000
Expenditures		
Capital Outlay	<u>10,842</u>	<u>21,000</u>
Receipts Over (Under) Expenditures	5,207	(1,000)
Unencumbered Cash, January 1	<u>224,778</u>	<u>229,985</u>
Unencumbered Cash, December 31	<u>\$ 229,985</u>	<u>228,985</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS

Revenue Electric Utility

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Charges for Services				
Sales to Customers	\$ 1,142,378	1,202,402	1,350,000	(147,598)
Service Charges	1,510	1,510	2,000	(490)
Miscellaneous	13,948	12,198	5,000	7,198
Total Cash Receipts	<u>1,157,836</u>	<u>1,216,110</u>	<u>1,357,000</u>	<u>(140,890)</u>
Expenditures				
Administration				
Salaries	24,084	23,879	32,000	8,121
Medical Insurance	10,560	3,818	10,000	6,182
Office Supplies	4,767	5,110	5,000	(110)
Sales Tax	25,062	26,971	32,000	5,029
Miscellaneous	10,544	10,018	10,000	(18)
Total Administration	<u>75,017</u>	<u>69,796</u>	<u>89,000</u>	<u>19,204</u>
Production Department				
Salaries	33,583	34,789	40,000	5,211
Medical Insurance	7,417	8,183	9,250	1,067
Insurance	23,583	25,756	25,000	(756)
Gas and Oil	7,641	4,632	15,000	10,368
Repairs	28,034	8,028	28,000	19,972
Supplies	27,368	40,501	35,000	(5,501)
Purchase of Energy	691,927	735,940	850,000	114,060
Chemical	655	3,019	2,500	(519)
Fixed Energy Charge	-	-	2,500	2,500
Miscellaneous	-	1,300	2,000	700
Total Production Department	<u>820,208</u>	<u>862,148</u>	<u>1,009,250</u>	<u>147,102</u>
Distribution Department				
Salaries	68,375	70,863	70,000	(863)
Medical Insurance	11,264	12,444	20,000	7,556
Insurance	2,444	3,117	2,500	(617)
Gas and Oil	3,200	3,249	2,500	(749)
Repair & Maintenance	520	781	1,000	219
Vehicle Expense	2,941	8,050	4,000	(4,050)
Wire-Poles-Transformers-Meters	47,389	48,870	35,000	(13,870)
Shop	1,272	1,633	2,200	567
Miscellaneous	888	3,000	1,500	(1,500)
Capital Improvements	15,995	-	14,936	14,936
Total Distribution Department	<u>\$ 154,288</u>	<u>152,007</u>	<u>153,636</u>	<u>1,629</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS

Revenue Electric Utility

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2007

(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

		Current Year		Variance
	Prior Year Actual	Actual	Budget	Favorable (Unfavorable)
Expenditures				
Transfers Out				
Transfer to General	\$ 100,000	100,000	200,000	100,000
Total Transfers Out	100,000	100,000	200,000	100,000
Total Expenditures	1,149,513	1,183,951	1,451,886	267,935
Receipts Over (Under) Expenditures	8,323	32,159		
Unencumbered Cash, January 1	130,017	138,340		
Unencumbered Cash, December 31	\$ 138,340	170,499		

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS
Electric Depreciation Reserve
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2007
(With Comparative Actual Totals for the Prior Year Ended December 31, 2006)

	<u>2006</u>	<u>2007</u>
Cash Receipts		
Transfers In	\$ -	-
Expenditures		
Purchase of Energy	<u>133,999</u>	<u>10,917</u>
Receipts Over (Under) Expenditures	(133,999)	(10,917)
Unencumbered Cash, January 1	<u>788,991</u>	<u>654,992</u>
Unencumbered Cash, December 31	<u>\$ 654,992</u>	<u>644,075</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LACROSSE, KANSAS

Notes to Financial Statements

December 31, 2007

1. Summary of Significant Accounting Policies

The **City of LaCrosse, Kansas** has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the statutory basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies:

A. Financial Reporting Entity

The **City of LaCrosse, Kansas**, was incorporated in October, 1886, under the provisions of the State of Kansas. The City operates under the Commission - City Manager form of government and provides the following services: public safety (police and fire), streets, culture and recreation, public improvements and general administrative services. Other services include sanitation, water, and electric utilities.

The financial statements of the City consist of all the funds of the City and governmental entities that are considered to be controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The City has no separately administered organizations that are controlled or dependent on the City.

B. Basis of Presentation – Fund Accounting

The accounts of the government are organized and operated on the basis of funds. In governmental accounting, a fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of the **City of LaCrosse, Kansas** for the year ended December 31, 2007:

Categories

General Fund – reports as the primary fund of the City. The fund is used to account for all financial resources not reported in other funds.

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Debt Service Funds - to account for the accumulation of resources for and the payment of interest and principal on general long-term debt and the financing of special assessments which are general obligations of the City.

Fiduciary Funds

Private Purpose Trust Funds - to account for assets held by a governmental unit as trustee or agent for others. The principal and income of these funds may be expended in the course of the fund's designated operations.

CITY OF LACROSSE, KANSAS

Notes to Financial Statements

December 31, 2007

B. Basis of Presentation – Fund Accounting (cont.)

Proprietary Funds

Enterprise Funds - to account for operations that are financed and operated in a manner similar to private business enterprises - where the stated intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the statutory basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the statutory basis of accounting.

D. Departure from Accounting Principles Generally Accepted in the United States

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservation of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the year in accordance with generally accepted accounting principles. General capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

E. Accounting for Capital Assets and Depreciation

The City does not maintain a record of capital assets used in performance of general government operations and the proprietary funds as required by generally accepted accounting principles.

F. Budgets

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Revenue Funds (unless specifically exempted by statute), Debt Service Funds, and Enterprise Funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.

CITY OF LACROSSE, KANSAS

Notes to Financial Statements

December 31, 2007

F. Budgets (cont.)

2. Publication in local newspaper on or before August 5th of the proposed budget and notice of hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for Capital Project Funds, Fiduciary Funds, and the following Special Revenue Funds:

Equipment Reserve, Capital Improvement Reserve, Capital Improvement Reserve – Streets.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

G. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation is utilized in the governmental funds.

H. Deposits and Investments

The City follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary of cash receipts, cash disbursements and unencumbered cash.

As of December 31, 2007, the City had no investments.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located or in an adjoining county if such institution has been designated as an official depository and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

CITY OF LACROSSE, KANSAS

Notes to Financial Statements

December 31, 2007

H. Deposits and Investments (cont.)

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City did not use "peak periods" during 2007. All deposits were legally secured at December 31, 2007.

At December 31, 2007, the City's carrying amount of deposits was \$2,068,139 and the bank balance was \$2,081,479. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$202,101 was covered by federal depository insurance, \$1,879,378 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

I. Property Tax Calendar

Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half on May 10th. Major property tax payments are received January through July and are recognized as revenue in the year received.

J. Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase as required by state statutes.

K. Restricted Assets

These assets consist of cash and short-term investments restricted for Agency Funds.

L. Compensated Absences

Accrued vacation time is paid to the employee at the current regular rate in the event of termination. Maximum accrued vacation time is fifteen days. The accrued vacation expense liability as of December 31, 2007 is approximately \$19,001.

Accrued sick leave is not paid to the employee in the event of termination. Maximum accrued sick leave is ninety days. The potential accrued sick leave expense liability as of December 31, 2007 is approximately \$80,915.

CITY OF LACROSSE, KANSAS

Notes to Financial Statements

December 31, 2007

M. Defined Benefit Pension Plan

Plan Description – The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas Avenue, Suite 100; Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Funding Policy – K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for calendar year 2007 is 5.31%. The City employer contribution to KPERS for the year ending December 31, 2007 was \$26,817, equal to the statutory required contributions for the year. Contributions for the last three years are \$26,817, \$24,609, and \$16,401 respectively.

N. Deferred Compensation Plan

City employees may participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death, or in case of limited specific circumstances. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income that is attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

O. Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the City for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

CITY OF LACROSSE, KANSAS
Notes to Financial Statements
December 31, 2007

2. Long-Term Debt

The City has the following types of Long-Term Debt:

General Obligation Bonds

The City issued General Obligation Bonds (G.O. Bonds) to provide funds for the acquisition and construction or improvement of major capital assets. Changes in long-term liabilities for the City for the year ended December 31, 2007 are as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds Series 1994	5.0% to 7.5%	10/01/94	\$ 850,000	10/01/07	\$ 60,000	-	(60,000)	(60,000)	-	3,480
Amount to be Provided for Compensated Absences	N/A	N/A	N/A	N/A	106,079	-	(6,163)	(6,163)	99,916	-
Total Long Term Debt					\$ 166,079	-	(66,163)	(66,163)	99,916	3,480

There are no maturities of long-term debt or interest for the next year. All long-term debt was paid off in 2007, and remaining fund balance was transferred to general fund.

3. Transfers and Payments

Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects, and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas Statutes. The City's operating transfers and statutory authority for December 31, 2007 were as follows:

From	To	Authority	Amount
General	Equipment Reserve	KSA 12-1117	\$ -
General	Capital Imp. Reserve - Streets	KSA 12-1118	141,406
Electric	General	KSA 12-825d	100,000
Sanitation	Sewer Utility Reserve	KSA 12-825d	20,000
Water Utility	Depreciation Reserve	KSA 12-825d	20,000
Bond & Interest	General	KSA 10-113	6,333
Total			\$ 287,739

4. Related Party Transactions

In accordance with Financial Accounting Standards Board Statement No. 57 (the Statement), the following related party transactions were identified for 2007. Related party transactions do not include compensation arrangements, expense allowances and reimbursements, and similar items incurred in the ordinary course of operations and, accordingly, such items are not included below.

	2007
ASM Woodworks -	
Alan Miller is owner of the company and was a Commissioner in 2007:	
Materials and Labor	\$ 3,224

CITY OF LACROSSE, KANSAS

Notes to Financial Statements
December 31, 2007

5. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the statutory basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

6. Risk Management-Claims and Judgments

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been able to obtain errors and omissions insurance at a cost it considered to be economically justifiable.

The City carries commercial insurance for other risks of loss, including property, general liability, inland marine, workmen's compensation, umbrella, automobile, linebacker and surety bond coverage.

The City has elected to obtain comprehensive and collision coverage on all City owned motor vehicles.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three calendar years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. At December 31, 2007 the financial statements do not include liabilities for anticipated costs.

7. Litigation

The City is party to various legal proceedings, such as foreclosure actions and tax appeals, which normally occur in governmental operations. The legal proceedings are not likely to have a material adverse impact on the funds of the City.

8. Grants and Shared Revenues

The City participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, any liability for reimbursement, which may arise as the result of the audits, is not believed to be material.

9. Comparative Data

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in the City's cash and unencumbered cash balances. However, complete comparative data (i.e., presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

10. Reimbursements

City Employees may seek reimbursement for expenditures paid on behalf of the City. Employee brings receipts to City office and either Kim or Ruth issues them a check out of the petty cash fund.